

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

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FM AMEMBASSY GUATEMALA

TO SECSTATE 790

UNCLAS GUATEMALA 2087

E.O. 11652: NA

TAGS: BEXP, GT

SUBJ: AGENT/DISTRIBUTOR SERVICE(ADS)

REF: 75 DEPT A-7116

1. INFORMATION CONTAINED ON APPLICATION FORM 424-P HAS PROVEN ADEQUATE FOR SEARCHING FOR PROSPECTIVE AGENTS/DISTRIBUTORS. HOWEVER, IT WOULD BE DESIRABLE IF THE DEPARTMENT OF COMMERCE REGIONAL OR DISTRICT OFFICE COULD ASCERTAIN OR VERIFY IF IN FACT THE REQUESTING U.S. FIIG IS A MANUFACTURER/EXPORTER OR JUST A JOBBER(NO. 4, FORM 424-P). THIS IS A DECISIVE FACTOR FOR LOCAL FIRMS SINCE 75 PERCENT OF THEM WOULD PREFER TO DEAL DIRECTLY WITH MANUFACTURERS.

2. THE FOLLOWING EVALUATION IS PERFORMED BY THE POST: A) FIRST, ANALYZE WHETHER THE OFFERED PRODUCT OR SERVICE HAS A POTENTIAL DEMAND IN LOCAL MARKET; B) SOMETIMES IMPORT FIGURES ARE CHECKED AND IF THE IMPORT VALUE FROM THE U.S. OF THE OFFERED PRODUCT IS LOW COMPARED WITH THOSE OF THE OTHER EXPORTING COUNTRIES, THE POST TRIES TO ASCERTAIN THE REASON.

3. THE PROCESS OF SEARCHING AND SELECTING ADS PROSPECTS AT THE POST BEGINS BY PUTTING TOGETHER A LIST OF RELIABLE LOCAL FIRMS THAT WOULD BE INTERESTED IN REPRESENTING OR DISTRIBUTING THE PRODUCT, TRYING TO AVOID LOCAL REPRESENTA-

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TIVES THAT HANDLE COMPETITIVE LINES. IF PRODUCT LITERATURE

IS AVAILABLE, A VISIT TO THE INTERESTED FIRM MAY BE MADE, OR THE FIRM'S PRINCIPAL IS INVITED TO THE POST TO EXAMINE SUCH BROCHURES. BUT IN THE MAJORITY OF CASES, INTEREST IS DEVELOPED AND EXPRESSED BY TELEPHONE. WHEN THE PRODUCT HAS A GOOD ACCEPTANCE AMONG THE SELECTED FIRMS, THE ADS RESPONSE IS PREPARED WITH THE THREE MOST RELIABLE COMPANIES AS JUDGED BY THE POST.

4. THE REASONS WHY, IN SOME CASES, THE REPORTED PROSPECTS ARE NOT SUITABLE TO THE U.S. INQUIRER ARE:

- A) A LOCAL FIRM FINDS OUT AFTER RECEIVING THE DESCRIPTIVE BROCHURE AND PRICE LISTS THAT THE OFFERED PRODUCT WILL NOT SELL IN THE LOCAL MARKET DUE TO DIFFERENCE IN PRICE OF COMPETITIVE LINES OR MATERIAL QUALITY, SIZE, ETC.
- B) SOMETIMES PAYMENT CONDITIONS AND DELIVERY SCHEDULES ARE NOT SATISFACTORY TO LOCAL REPRESENTATIVES.
- C) PROBABLY THE MAIN DIFFICULTY FOR THE POST IN QUALIFYING A PROSPECT FIRM FOR FINAL SELECTION IS WHEN THE OFFERED PRODUCT IS CONSIDERED HIGHLY SOPHISTICATED FOR THE LOCAL MARKET AND THE PROSPECT FIRM REQUESTS TO BE INCLUDED IN THE REPORTING LIST WITH ONLY THE IDEA OF INVESTIGATING THE TYPE OF PRODUCT BEING OFFERED FOR LOCAL DISTRIBUTION. IF SUCH PRODUCT IS LATER NOT CONSIDERED APPROPRIATE FOR LOCAL CONSUMPTION, THE CHOSEN AGENT FORGETS THE WHOLE IDEA.
- D) THERE ARE FIRMS THAT DON'T HAVE ENOUGH COURTESY TO REPLY TO THE U.S. FIRM. THIS POST HAS NEVER SELECTED AND REPORTED THE NAME OF A LOCAL FIRM IN THE ADS PROGRAM SINCE IMPLEMENTED, WITHOUT CONTACTING THE FIRMS FIRST. THEREFORE, THE DECISION TAKEN BY THE LOCAL COMPANY AFTER THE CONTACT WITH THE ADS INQUIRER HAS BEEN MADE, IS SOMETIMES UNKNOWN TO THE POST. ALSO, DUE TO THE SMALL GUATEMALAN MARKET, AND IN ORDER TO INTEREST POTENTIAL FIRMS, THE POST AT THE BEGINNING OF THE SEARCH INFORMS THE FIRMS THAT THE INCLUSION OF THEIR NAMES ON THE REPORTING LIST DOES NOT MEAN THAT A FINAL AGREEMENT HAS BEEN SETTLED BETWEEN THE U.S. EXPORTER AND LOCAL COMPANY.

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5. USUALLY THE SELECTION OF QUALIFIED CANDIDATES IS BASED ON THE INFORMATION CONTAINED IN THE WTDR FILES AVAILABLE AT THE POST. IN THE CASE THAT NO WTDR INFORMATION EXISTS ON A SELECTED FIRM, BLANK FORMS ARE HANDED OUT TO SUCH FIRM TO BE RETURNED FOR PREPARATION OF A WTD REPORT FOR FUTURE REFERENCE.

6. AS MENTIONED IN PARAGRAPH 4, THE MAIN REASONS WHY LOCAL

PROSPECTS DO NOT REPLY TO AN ADS INQUIRER, AFTER REQUESTING TO BE INCLUDED IN THE FINAL LIST, ARE: AFTER ANALYZING THE RECEIVED BROCHURE THE IMPORTER DECIDES THAT THE PRODUCT WILL NOT COMPETE DUE TO HIGH PRICE OR HIGH IMPORT DUTIES; OR PAYMENT CONDITIONS NOT CONFORMING TO THE AGENT'S CAPACITY; OR NO CREDIT GRANTED BY THE U.S. EXPORTER.

7. SO FAR THE POST HAS NOT RECEIVED ADVERSE COMMENTS FROM LOCAL FIRMS CONCERNING THE ADS PROGRAM.

8. THERE ARE NO CHARACTERISTICS UNIQUE TO GUATEMALA THAT REQUIRE MODIFICATION OF THE ADS IN ORDER TO BE MORE EFFECTIVE IN THE LOCAL MARKET.

9. THE AVERAGE TIME PERIOD BETWEEN THE DATE OF THE ADS TRANSMITTAL AND THE DATE RECEIVED AT THE POST IS APPROXIMATELY 10 TO 12 DAYS.

10. PERHAPS 20 PERCENT OF THE ADS REQUESTS RECEIVED AT THE POST ARE NOT SUITED TO GUATEMALAN MARKET CONDITIONS. A SUGGESTED ADVANCED SCREENING, IF POSSIBLE, WOULD BE: VERIFICATION OF U.S. EXPORTS OF THE PRODUCT INTO GUATEMALA AND CHECKING THE CORRESPONDING GUATEMALAN IMPORT DUTIES.

11. A SUCCESSFUL PERCENTAGE RATE OF AGENTS SIGNED IN RELATIONS TO THE TOTAL NUMBER OF REQUESTS RECEIVED AT THE POST, WOULD BE FROM 30 TO 40 PERCENT. SUCH A PERCENTAGE COULD BE CONSIDERED SUCCESSFUL IF THE SIZE OF THE LOCAL MARKET AND THE COMPETITIVE EXPORTING COUNTRIES TO GUATEMALA ARE TAKEN INTO CONSIDERATION.

12. THE COMPANIES WHO HAVE ESTABLISHED SUCCESSFUL CONTACTS WITH U.S. EXPORTERS CONSIDERED THE ADS PROGRAM UNCLASSIFIED

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AS BENEFICIAL TO THEIR BUSINESSES.

13. IN PRINCIPLE, THE RELEASE OF ADS INFORMATION TO OTHER U.S. FIRMS WOULD BE USEFUL IN ORDER TO EXPAND U.S. EXPORTS. NEVERTHELESS, SUCH A PROCEDURE WOULD GO AGAINST THE ADS REQUESTER'S INTEREST SINCE DISSEMINATION OF THIS INFORMATION-FOR INSTANCE, TO TOP SUSCRIBERS-MIGHT ENABLE LOCAL CONTACTS TO FIND BETTER PRICES FROM OTHER U.S. SUPPLIERS.

14. A PERIOD OF TWO MONTHS WOULD BE RECOMMENDED BY THIS POST BEFORE RELEASING NAMES OF LOCAL CONTACTS TO OTHER INTERESTED U.S. EXPORT FIRMS.
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